

JSW Cement (JSWCEMEN) - BUY

Initiating Coverage

Current Market Price (CMP) Rs.119	Target Price Rs.135
---	-------------------------------

Rationale:

- JSW Cement is India's largest manufacturer of GGBS, with ~84% market share in FY25, and ~40% of total external volumes.
- A niche high-growth product, GGBS is manufactured from slag and commonly used as a substitute for cementitious products in concrete mixes.
- Company has long-term contracts with group entity JSW Steel (JSTL), India's largest steel company, for slag procurement.
- Company is present in south, east and west regions with a capacity of 21.6 mtpa; we expect it to raise capacity to ~32/42 mtpa in phases to become a pan-India player.
- We forecast 12%/18% volume/EBITDA CAGR over FY24-28E.
- We initiate with a BUY rating and an FV of Rs135, implying 8.5x EV/EBITDA FY28E.

👍 Positives:

- We expect GGBS demand to grow in mid-double digits over FY25-28E given cost advantages, low penetration and favorable characteristics.
- Limestone availability provides strong growth visibility.

👎 Negatives:

- We expect FCF to be negative over next 3 years on the back of planned expansions.

(GGBS: Ground Granulated Blast Furnace Slag; EV: Enterprise Value; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; CAGR: Compound Annual Growth Rate; FCF: Free Cash Flow; MTPA: Million Tons Per Annum; 1 million: 10 lakh)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months